

INTRODUCING THE NEW

DVBE INCENTIVE PROGRAM

EVEN MORE REASON TO INCLUDE A DVBE

Senate Bill 115* mandates a new incentive program to help State agencies meet their annual DVBE participation goals. Department of General Services' policy implements this program by rewarding prime bidders for increased DVBE participation: the more DVBE participation, the greater the incentive.

WHAT'S NEW. WHAT'S NOT.

This table summarizes DVBE Incentive Program changes

Existing Policy ...	What's Changed ...
State agencies may specify any amount of DVBE participation for an individual solicitation, as long as they achieve their annual 3% goal.	Does not change
Prime bidders have no financial incentive for meeting or exceeding the stated DVBE participation goal.	<ul style="list-style-type: none">• Prime bidders who meet or exceed the stated DVBE participation goal, receive a bidding incentive, making their bids more competitive.• The more DVBE participation they receive, the higher the incentive.• State agencies have the ability to determine the level of DVBE incentive they will offer for corresponding levels of participation. This information must be included in the solicitation.• The minimum incentive a qualifying bidder can receive is 3%.
If multiple preferences or incentives apply, the total adjustment cannot exceed 15% or \$100,000, whichever is less.	A combination of preferences or preference(s) with a DVBE incentive cannot exceed 15% or \$100,000, whichever is less.
Bids must be considered responsive and responsible before preferences or incentives are awarded.	Does not change
When applying preferences or incentives to awards based on low price, the bid price is reduced for evaluation purposes only.	Does not change
A non-small business cannot displace a California certified small business from the top-ranked position because of application of preferences or incentive.	Does not change

(over)

*Senate Bill SB 115, The California DVBE Program, Chapter 451, Statutes of 2005

DVBE INCENTIVE PROGRAM

FOR EXAMPLE ...

A Department may choose to structure the incentives offered for DVBE participation something like this:

If a solicitation requires DVBE participation of	A bidder who meets or exceeds the stated level of participation may receive an incentive equal to
1% up to 2%	3%
2% up to 3%	5%
3%	7%
> 3%	10%

The incentive can never be less than 3%

Remember—the incentives listed here are just examples.

Departments have the ability to determine the level of incentive percentages and/or points they will offer for corresponding participation levels

AWARDS BASED ON HIGH SCORE VS. AWARDS BASED ON LOW PRICE

If a solicitation is to be awarded based on High Score—A bidder who meets or exceeds DVBE participation requirements specified in the solicitation will receive proposal evaluation *points*.

If a solicitation is to be awarded based on Low Price—A bidder who meets or exceeds DVBE participation requirements specified in the solicitation will receive a DVBE incentive *percentage*.

FOR MORE INFORMATION

DGS is updating its Purchasing Authority Manual and will offer training to State departments, including Small Business & DVBE Advocates.

Please address questions to your DVBE Advocate. Find your Advocate at www.pd.dgs.ca.gov/smbus/advocate.htm